



ABANS FINANCE PRIVATE LIMITED

RESOURCE PLANNING POLICY

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1. POLICY STATEMENT AND PURPOSE

The company's resource planning shall be guided by its Asset Liability Management requirements, addressing both long-term and short-term objectives. This policy is formulated to establish comprehensive guidelines for managing the borrowing activities of Abans Finance Private Limited (AFPL), ensuring adherence to the regulations set forth by the Reserve Bank of India (RBI), the Clearing Corporation of India, and Indian Accounting Standards.

2. SCOPE

2.1 This policy applies to all borrowing activities undertaken by the Company, including:

- Market-linked debentures
- Triparty Repo (TREPS) market for Government securities
- Non-convertible debentures (NCDs)

2.2 Objectives

The primary objectives of this Policy are as follows:

- To ensure the availability of sufficient liquidity to meet the operational and strategic needs of the Company.
- To optimize the cost of borrowing and manage associated financial risks.
- To maintain a diversified borrowing portfolio to mitigate potential risks.

3. REGULATORY FRAMEWORK

This policy is framed in accordance with:

- RBI Master Directions and Guidelines applicable to NBFCs
- Indian Accounting Standards (IND AS)
- Other applicable laws and regulations

5. BORROWING INSTRUMENTS

4.1. Market Linked Debentures (MLDs)

Market Linked Debentures (MLDs) are debt instruments with returns linked to market indices or other benchmarks. The purpose of issuing MLDs is to raise funds with the potential for higher returns based on market performance. The issuance of MLDs shall be conducted based on prevailing market conditions and investor demand. The Company shall monitor market trends and employ appropriate hedging strategies to manage risks associated with MLDs.

4.2. Triparty Repo (TREPS)

Triparty Repo (TREPS) is a short-term borrowing mechanism involving a third-party agent to facilitate repo transactions. The purpose of utilizing TREPS is to manage short-term liquidity needs efficiently. TREPS transactions shall be conducted based on the liquidity requirements and market conditions. The Company shall ensure adequate collateral and monitor counterparty risks in TREPS transactions.

4.3. Non-Convertible Debentures (NCDs)

Non-Convertible Debentures (NCDs) are long-term debt instruments that cannot be converted into equity. The purpose of issuing NCDs is to raise long-term capital for business expansion and other strategic initiatives. The issuance of NCDs shall be based on the company's capital requirements and investor appetite. The Company shall maintain a balanced maturity profile and monitor interest rate risks associated with NCDs.

5 . BORROWING PROCESS

5.1. Approval and Authorization

All borrowing activities must be approved by the Finance committee thereof. The finance department shall prepare detailed proposals for each borrowing instrument, including terms, conditions, and risk assessments, for review and approval.

5.2 Documentation and Compliance

All borrowing transactions shall be documented in accordance with regulatory requirements and internal policies. The Company shall ensure compliance with all applicable laws and regulations related to borrowing activities.

5.3. Monitoring and Reporting

The finance department shall regularly monitor the borrowing portfolio and report to the management on key metrics such as the cost of borrowing, maturity profile, and risk exposure. Periodic reviews shall be conducted to assess the effectiveness of the borrowing strategy and make necessary adjustments.

6. POLICY FOR RESOURCE PLANNING

The borrowings decisions shall be based on the best possible terms and pricings and Resource Planning Policy 4 accordingly the borrowing decision shall be made. Planning for short term and long-term resources. The resource planning of the company shall be

based on its Asset Liability Matching (ALM) requirement Broadly the planning horizon shall be of following two categories;

A. Long Term Resources and

B. Short term resources.

7. POLICY ON RAISING LONG TERM RESOURCES.

7.1. Tenure

The company is primarily engaged into the business of providing loans to individuals and corporates between 12-60 months on case to case basis and renewed basis request. Further, the Company seeks to classify the resources with a maturity profile of more than 12 months as a long-term resource. The proportion of the long term and short term resources for the company shall be based on prevailing market conditions and the limits fixed from time to time by the ALCO Committee based on the business plans for each year and the ALM pattern to be maintained by the company.

7.2. Manner Of Raising Long Term Resources

7.2.1 Borrowings from Banks and Other Financial Institutions.

The company may plan for raising long term resources from banks and financial institutions.

7.2.2 Issue of Debt Securities.

The company shall subject to the applicable laws and regulations, issue debt securities depending on its business requirements and the market conditions. The debt securities may be issued in the following manner.

- a. Public issue of Rated Secured Redeemable Non-convertible Debentures (NCDs)
- b. Private placement of Rated and Listed NCDs
- c. Private placement of Un-Listed, Rated NCDs

a)Public Issue Of NCDs

The company may subject to the compliance with the applicable provisions of laws/ and regulations may issue Secured/ Unsecured Redeemable Non-convertible Debentures with maturity period of 12 months and above (NCDs/Bonds) at such intervals by way of public issue at such coupon rates as the company think fit from time to time and shall be listed in one or more recognized stock exchanges in India. The frequency of the issue may be decided by the Finance Committee from time to time depending on the business environment, market conditions and regulatory provisions in this behalf.

b) Private Placement Of Listed NCDS

The company may subject to the compliance with the applicable provisions of laws and regulations may issue Secured/ Unsecured Redeemable Non-convertible Debentures (NCDs/Bonds) at such intervals by way of private placement to such number of subscribers with minimum subscription amount or such higher minimum subscription as may be prescribed under any law or regulation in force from time to time to such eligible investors including High Net worth Individuals and Institutions. The timing or periodicity of private placement in this manner may be decided by the Finance Committee based on the market conditions, availability of funds and the business plan of the company and subject to compliance with the statutory/ regulatory requirements.

c) Private Placement Of Unlisted NCDS

Based on the business plan of the company for each year, the company may issue Unlisted NCDs to individuals/ institutions or such other class or category of investors. The timing and the amount of issue shall be decided by the Finance Committee and shall be subject to the statutory and regulatory compliances as may be required from time to time. However, the total number of subscribers in each issue shall not exceed the maximum number of subscribers fixed under any of the applicable laws or regulations. Private placement of Unlisted Debentures shall be made on the basis of a Disclosure document The offer letter issued shall be as per the aforesaid guidelines issued by Reserve Bank of India and further it, should be issued within a maximum period of 6 months from the date of the Board resolution authorizing the issue.

For, secured NCDs, it shall be secured by the assets of the company moveable or immovable and a charge shall be registered in accordance with the provisions of the Companies Act, 2013.

7.2.3 Issue Of Subordinated Debt Instruments

The Company may issue Unsecured Subordinated Debt instruments which are not classified as deposits under the applicable directions of the Reserve Bank of India with a maturity period exceeding 5 years from the date of allotment. This instrument may be issued to such class or category of investors as the Finance Committee decides from time to time.

7.2.4 External Commercial Borrowing

The company can raise ECB (External Commercial Borrowing) subject to compliances of Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 as modified from time to time.

7.3. Manner Of Raising Short Term Resources

Short -Term Resources Resources with a maturity of 12 months and less shall be treated as short term resources. The main sources of such resources are bank limits and Commercial papers (CP). Depending on the ALM requirements the company may borrow funds from banks and other financial institutions from time to time and continue to issue commercial papers with maturity ranging from one month to 12 months. Subject to applicable laws and regulations the company may also avail inter corporate loans which are exempt from the purview of public deposit under the applicable directions of RBI.

8. ANNUAL PLAN FOR MIX OF RESOURCES

The ideal mix of resources for the company and the resource mobilization program for each financial year shall be decided in advance and shall be properly defined in the business plan for each year. The mix of resources shall be mobilized in accordance with the above policy.

9. ROLES AND RESPONSIBILITIES

The Finance Committee shall be responsible for approving the overall borrowing strategy and major borrowing transactions and report to the Board of Director. The finance department shall execute borrowing transactions, monitor the borrowing portfolio, and ensure compliance with policies and regulations.

10. REPORTING AND DISCLOSURE

Internal Reporting: The Finance department shall provide regular reports on borrowing activities, including details of outstanding borrowings, interest costs, and repayment schedules, to the Finance Committee.

External Reporting: The Company shall disclose borrowing details in its financial statements and regulatory filings in accordance with Indian Accounting Standards (IND AS) and guidelines issued by the Reserve Bank of India (RBI). This ensures compliance with regulatory requirements and maintains the trust of stakeholders.

Audit and Review: The Company shall ensure compliance with this policy and identify areas for improvement.

11. POLICY REVIEW AND AMENDMENT

This policy shall be reviewed and amended as necessary to comply with changes in regulatory requirements, business practices, and risk management strategies.